

Universal Service Administrative Company  
Schools and Libraries Support Mechanism

Second Supplement to Administrative Procedures, Revised

In the Fifth Report and Order<sup>1</sup> the Federal Communications Commission (FCC or Commission) directed the Universal Service Administrative Company (USAC) “to submit to the Commission [ . . . ] a list summarizing all current USAC administrative procedures identifying, where appropriate, the specific rules or statutory requirements that such procedures further, and those procedures that serve to protect against waste, fraud and abuse.”<sup>2</sup>

USAC submitted this list to the Commission in October 2004. Based on discussions with Commission staff, USAC supplemented this list with three additional procedures in February 2005. Based on subsequent discussions with Commission staff, USAC is now supplementing this list with one additional revised procedure relating to FCC Form 470 posting requirements with respect to voluntary extensions of contracts.

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<sup>1</sup> See *Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Fifth Report and Order and Order, FCC 04-190 (2004) (*Fifth Report and Order*).

<sup>2</sup> *Id.* ¶ 80. USAC understands this to apply to Schools and Libraries Support Mechanism procedures only at this time.

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**Program Integrity Assurance**

*Administrative Procedure:*

FCC Form 470 Posting Requirements

*Further Detail:*

Applicants may voluntarily extend a contract without posting a new FCC Form 470 if the FCC Form 470 or Request for Proposal (if applicable) that initiated the procurement process resulting in the contract indicated that the applicant sought to enter into a contract with the possibility of voluntary extensions.

*Rules that this furthers:*

1. 47 C.F.R. § 54.504(b) requires applicants to seek competitive bids by posting a FCC Form 470 to the USAC web site for a minimum of 28 days to initiate the competitive bidding process.
2. 47 C.F.R. § 54.511(a) requires applicants to “carefully consider all bids submitted and must select the most cost-effective service offering. In determining which service offering is the most cost-effective, entities may consider relevant factors other than the pre-discount prices submitted by providers but price should be the primary factor considered.”
3. 47 C.F.R. § 54.504(c) requires applicants to submit a FCC Form 471 to USAC after signing a contract for eligible services.
4. 47 C.F.R. § 54.507(e) provides that “[i]f schools and libraries enter into long term contracts for eligible services, the Administrator shall only commit funds to cover the pro rata portion of such a long term contract scheduled to be delivered during the funding year for which universal service support is sought.”
5. 47 C.F.R. § 54.701(a) requires USAC to “administer[] the universal service support mechanisms in an efficient, effective, and competitively neutral manner.”
6. 47 C.F.R. § 54.702(g) requires USAC to take “administrative action intended to prevent waste, fraud, and abuse.”

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*How this protects against waste, fraud and abuse:*

Enforces the FCC Form 470 posting requirements to enable applicants to get the benefits of the long term contracts that they negotiate.